NORTHWEST TERRITORIES POWER CORPORATION ANNUAL REPORT 1999/2000

Contents

Vision and Mission Statement	1
Safety at the Power Corporation	2
President's Message	4
Operations Report	8
Environmental Report	10
Management Discussion & Analysis	12
Financial Statements	17
Y2K Report	35
Board of Directors	36
Long Service Employees	37

On the Cover:
Power Lineperson Steve Lantz of Yellowknife is one of the nearly 300 Northwest Territories Power Corporation employees who helped the company complete a full year without a lost time accident. (Transmission tower photo: Terry Parker. Power Lineperson photo: Kevin Johnson.)

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Northwest Territories Power Corporation

Vision

To be recognized as a progressive company.

Mission

To provide safe, reliable energy and related services in the territories while following sound business practices and demonstrating leadership in protecting the environment. In achieving the Corporation's Vision Statement and objectives, we will endeavor to:

- *Be cost effective in the utilization of all resources, always remembering that we are spending the customer's money;*
- *Strive to increase shareholder value in the long term;*
- *Be responsive to our customers and their changing needs;*
- *Act ethically and honestly – treating employees, customers and others with fairness, dignity and respect;*
- *Commit to the safety and development of our employees by balancing the needs of our customers with the needs of our families and ourselves;*
- *Respect and protect the environment in all our activities to ensure a sustainable environment for the territories; and*
- *Communicate in an open and timely manner.*

The Northwest Territories Power Corporation is a crown corporation established by the Northwest Territories Power Corporation Act of 1988. It is owned by the Government of the Northwest Territories and the Government of Nunavut, represented by the Ministers Responsible for the Northwest Territories Power Corporation. It is governed by a Board of Directors appointed by the Ministers.

It is the responsibility of the Corporation to generate, transform, transmit, distribute, deliver, sell and supply electrical and heat energy throughout the Northwest Territories on a safe, economic and reliable basis. The Corporation is subject to regulation by the NWT and Nunavut Public Utilities Boards.

The Corporation distributes electricity directly to the consumer in most of the 52 communities it serves. It also supplies electricity on a wholesale basis to two distributing utilities, which in turn, retail electricity to customers in Yellowknife and Hay River.

The Corporation comprises 48 separate power systems serving a population of 67,000 in 52 communities over an area of 3.4 million square kilometres. The total load is approximately 90 megawatts, ranging from systems as large as 64,000 kilowatts capacity in Yellowknife, to 150 kilowatts at Jean Marie River. Since these systems are separate and unconnected, each must be planned, managed and operated independently.

The Corporation employs 288 utility professionals, of which approximately 52.3 percent qualify for Affirmative Action Status, and 65 percent were hired from the North. The Corporation is headquartered in Hay River, Northwest Territories.

As of April 1, 1999, the operating authorities of the Corporation were changed to reflect a two-year transition agreement between the governments of Nunavut and the NWT. The governments have set March 31, 2000, as the deadline for deciding on the future continuance and ownership of the Corporation. During this period, day-to-day operations and management continues unchanged.

Only a Power Lineperson can rescue an injured Power Lineperson. *At the Power Corporation, we have to prepare for everything. Despite our current perfect safety record, we must be sure we know what to do in the event a Power Lineperson is injured due to electrical contact. The fact is, only a Power Lineperson has the know-how and equipment necessary to rescue another Power Lineperson. To make sure we can execute a rescue quickly and professionally, we now*

Safety at NWT Power Corporation

Brian Willows
Safety Manager,
Western Operations

Ernest Murdoch
Safety Manager,
Nunavut Operations

Zero Lost Time Accidents

The highlight of the 1999 safety program, and a rewarding experience for all of us at NWT Power Corporation was the completion of a full year without a lost time accident. This was largely a result of employee efforts, throughout the Corporation, and across NWT and Nunavut.

A successful safety training program to prevent back injuries was started in 1998 in the central region. That same year three of the five lost time accidents were due to back injuries. The program, which teaches employees about back safety, was extended in 1999 to the western region and Hay River and was at least partly responsible for the zero lost time record set in the past year.

Vehicle Safety

We have also been concentrating on vehicle safety. The largest number of accidents/incidents reported continues to involve vehicles. In 2000, working with the joint occupational health and safety committee and other interested parties, we hope to bring forward a draft policy dealing with defensive driving training and fleet maintenance. This will help ensure the safety of employee drivers as well as the public at large and help reduce overall operating costs.

The safety department has a strong working relationship with the NWT Workers' Compensation Board and as a result of our investment in time and training and the efforts of our employees, our premium rates have dropped by about a third, and will decrease again somewhat in the year 2000.

Safe Oil Transfer

Programs for 2000 include working co-operatively with the Canadian Coast Guard to comply with changes to the Canada Shipping Act regarding safe oil transfer and spill contingency planning. We have a partnership with the Petroleum Products Division (PPD) to cover training and sharing of equipment costs. Equipment requirements are currently estimated at $15,000 per site for 15 sites.

Pre-Qualification of Contractors

Other projects include a contractor safety program, to pre-qualify contractors and prevent corporate liability in the case of contractor accidents. This is a proven procedure that has been used with success in industry. Contractors will need to demonstrate they have safety programs, rules and policies in place and that they are in good standing with WCB.

We are developing a safety video, to be presented to all new employees on their first day of work. The video is designed as a tool to enhance the presentation by the new staff member's supervisor.

hold our annual Pole Top Rescue Training/Competition. This is a friendly competition where the winners are selected based on time and safety performance points. Our Power Linepersons know that their timeliness and efficiency could one day save a life.

Safety in the Community

Grades five and six school students across the North are being targeted for a safety presentation. The local Plant Superintendent and line personnel conduct the presentations at community schools. Topics covered include the safe use of electricity, demonstration of the hamlet hazard display and safety. The schedule of presentations co-incides with the line department regular travel schedule. We have received excellent comments from the teachers, and feel this results in very inexpensive public relations for the Corporation, and enhances the Superintendents role in the community.

Tailboard meeting during the splicing of the Yellowknife transmission line.

Iqaluit Power Lineperson Grant Penney after finishing rescue from pole top.

Our employees wrote the book on safety. *We know that our employees have a wealth of safety knowledge. That's why the Power Corporation's Safety Department formed a committee made up of a cross section of employees, each one an expert in his or her own field. In 1999, the committee rewrote the Northwest Territories Power Corporation Safety*

President's Message

Leon Courneya, CA
President & CEO

The Northwest Territories Power Corporation serves 52 communities spanning the Northwest Territories and Nunavut in its role as prime power provider for the North. We have had a year of remarkable achievements in terms of our four performance priorities:

1. **safety** – over one million person hours with no lost time accidents;
2. **reliability** – restoring power to Sanikiluaq in record time after the plant was destroyed by fire;
3. **sound business practices** – continued profitable operations;
4. **environmental leadership** – winning three national environmental awards.

The Power Corporation met, and often exceeded, its mission statement.

The Corporation's 288 staff members achieved a goal of "zero lost-time in 99." As of March 31, 2000, this represented 19 accident free months, a significant achievement. Further, on April 10, 2000 we achieved the 'one million person hours' milestone without any lost-time injuries. To the date of this report, our perfect record is still going strong.

... no lost time in '99 ...

We have introduced a comprehensive safety program to promote broader awareness and recognition of safety achievements across the Corporation. We have also provided training for all new Plant Superintendents. In the coming year we plan to create a safety video for the benefit of all our employees.

The Corporation is now delivering a Safety Awareness Program for school children in grades five and six. We plan to continue giving these demonstrations, delivering the program in schools in our communities every year.

Reliability is not only something our customers expect, it's something the entire Corporation has adopted as a corporate goal. I would like to congratulate the Power Corporation's managers and staff who have continuously improved our record for system availability to the point where we are on par with virtually every other Canadian utility. Considering that we do our business across 3.4 million square kilometres, one-third of Canada, and in some of the most extreme conditions – our excellence in terms of reliability is no small feat.

Reliability was put to the test in Sanikiluaq recently. On May 1, a fire totally destroyed our plant there. Emergency measures were put into effect, planes were chartered, and staff and equipment was flown in from all over the North. In less than 24 hours, partial power was back on. Thirty-two hours after the fire, the community of Sanikiluaq had power fully restored. Anywhere else in Canada this would be commendable, considering the location and climate of the

Rulebook. Every Power Corporation employee owns and has read a pocket-sized copy of our Safety Rulebook.

Jackfish Diesel Plant outside Yellowknife. Terry Parker photo.

community, we are especially proud of our achievement in Sanikiluaq.

In 1997 **a Year 2000 Task Force** was created to address issues of Y2K readiness across all of our systems, applications and operations. Power

... reliability was put to the test ...

Corporation staff worked tirelessly in the years, months and weeks leading up to the arrival of the new millennium to ensure a smooth transition. Among others, the following steps were taken:

- An independent review was conducted to determine the Corporation's level of Year 2000 preparedness.
- Computer and software systems were tested for compliance, and upgraded as necessary.
- Maintenance work beyond the regular rigourous maintenance schedule was undertaken on equipment to ensure all systems were operating at prime levels.
- Contingency plans were installed to ensure Power Corporation employees would not be out-of-touch in case of emergency. Staff at each plant were equipped with satellite phones and backup radios.
- The Power Corporation participated in Territorial Emergency Response Committees concerned with Y2K planning in both the Northwest Territories and Nunavut.
- Almost all of our staff were on duty or on call between mid-December and mid-January.

These efforts were successful, and due to these efforts, our customers did not experience any service disruptions due to Y2K.

Net income for 1999/00 would have been $12.1 million - the highest net income in the Corporation's history – if not for the impact of two non-recurring expenditures.

During 1999/00, two important events occurred that affected net income. First, the Corporation spent $0.4 million on its Y2K plan, a plan that – as we have seen – paid off for our customers in terms of reliability. Second, in late 1999 the Nunavut Government announced plans (effective April 1, 2001) to develop their own power corporation to operate and manage the electrical utility for the Nunavut Territory. The Corporation is currently undergoing an extensive re-organizational study. An allowance of $1 million in restructuring costs has been made.

After taking both of these one-time expenditures into consideration, net earnings for 1999/00 were $10.7 million, a decrease of $0.8 million from 1998/99.

In other operational areas, the Corporation has received approval for the renewal of our three Snare hydro dam licenses. The three renewals have rolled into one and we now hold a 25-year water license for the Snare Hydro sites.

New plant construction in Clyde River and Paulatuk began during the summer of 1999. Paulatuk is on a two-year project plan, and is currently in operation. Production of the new plant will be fully completed in the fall of 2000. Clyde River is on a three-year project plan, and is currently undergoing its second year of production. Primarily Northern workers and Northern expertise constructed both of these plants.

We have completed our $5 million program to replace the existing cable splices on the 140-km Snare transmission line.

Light duty programs, available here. *It can be frustrating if you can't do your job due to injury. If one of our employees is injured on the job and is unable to perform his or her regular duties, but is well enough and able to perform a different set of tasks, he or she could be*

Corporation mascot "Lectro" with Iqaluit electrician Jules Pineau at the Nunavut Trade Show

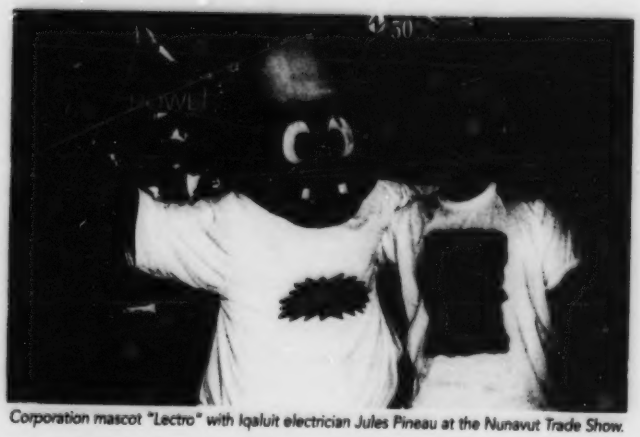
The Corporation won national environmental recognition in 1999/00 from the Voluntary Challenge & Registry (VCR) Inc., an organization devoted to the reduction of greenhouse gases. We were awarded Gold Champion Level Reporter status for our commitment to improving the way we power the North – a ranking given to only 41 companies out of more than 900 registered at the time. On March 2, we were presented with two more awards from VCR. We won the Leadership award for Best New Submission and Honourable Mention for the Electric Utility Sector in recognition for reducing our greenhouse gas production by nearly 14%.

We have demonstrated our commitment to environmental responsibility in other ways, too. During the spring of 1998, we lost 45,000 litres of fuel in a spill at Taloyoak. The Power Corporation set to work immediately, working in concert with the community of Taloyoak and the Department of Sustainable Development in order to clean up the spill as efficiently and completely as possible. The clean-up process continued into 1999/00. In March of this year the Corporation received a letter from the Department of Sustainable Development, commending us for taking a pro-active response to this incident and for backing up our responsibility to the community with decisive actions.

Increasing our community support is a goal for the coming year. The Corporation is seeking to preserve and improve upon its current ongoing partnerships within the northern communities. We would like to encourage the creation of new partnerships by taking a more active and dynamic role in our support of various community initiatives. We plan on increasing our local presence through development and support of programs and projects, donations, and greater participation in local economies.

	Northern	Southern	Total
Total Expenditures	71%	29%	100%

Light duty programs available here



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... winning awards for our commitment to reducing greenhouse gases ...

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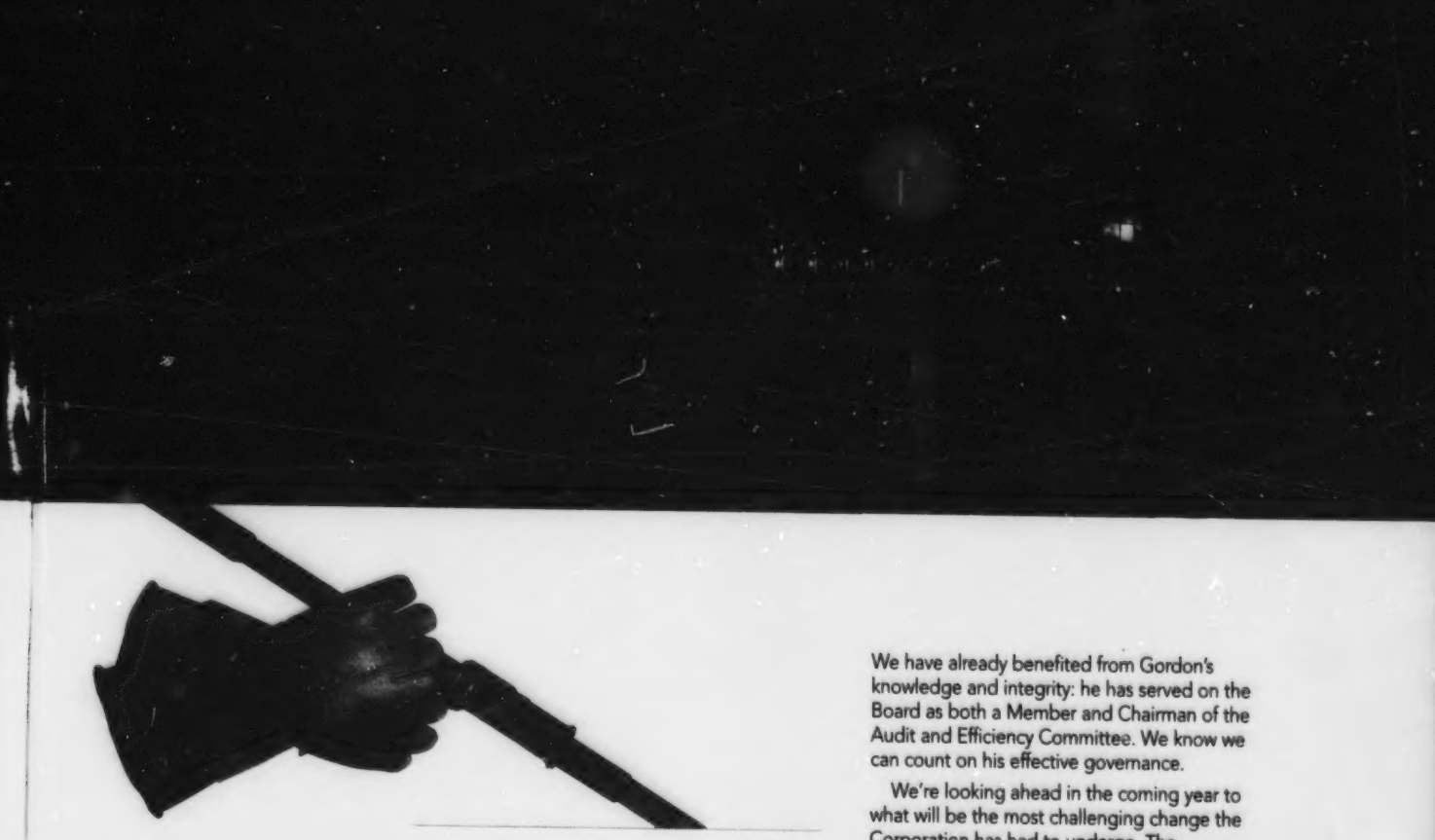


... taking a dynamic role in supporting our communities ...

In 1999/00, the Corporation's total expenditures in the North were 71%, with expenditures in the South reaching 29%. We are a Northern corporation, and strive to have this reflected in our participation in the local economy.

This past year saw the resignation of three people who played major roles in the Corporation. Vice President of Operations, Rick Blennerhassett has been with the Corporation for 9 years; Director of Materials Management, Robert Blowers for 16 years; and Director of Environmental Affairs, J. Andrew Nelson for 32 years. Their leadership and professionalism helped guide the Corporation towards excellence. We wish them all the very best in their future endeavors and hope to maintain the course they have set for us.

We also saw the resignation of two Board members: Pierre Alvarez and Charlie Evalik. Pierre had a long history with the Corporation, dating back to his involvement with the GNWT's acquisition of the Corporation in 1988. He served as Chairman and CEO from April 1996 to December 1997, at which time the President assumed the CEO duties. Pierre continued as Chairman until June 1999, and as a Director until March 2000. Charlie served as a Director from September 1997 until February 2000

We would like to welcome our new Board member Kelly Kaylo, and Gordon Stewart, our new Chairman of the Board of the Corporation.

We have already benefited from Gordon's knowledge and integrity: he has served on the Board as both a Member and Chairman of the Audit and Efficiency Committee. We know we can count on his effective governance.

We're looking ahead in the coming year to what will be the most challenging change the Corporation has had to undergo. The Governments of the Northwest Territories and Nunavut have decided to restructure the electricity industry in the North by splitting off from the existing NWT Power Corporation, a new power company, Nunavut Power Corporation. The date for completing the establishment of these two separate entities is April 1, 2001.

... the most challenging change ...

To achieve the split, the Corporation is dividing its assets and liabilities, requiring a review of Corporation staffing levels. The Power Corporation is taking this opportunity to review the organizational structure of the entire operation in order to identify strengths and efficiencies and create a more effective generator and distributor of electricity.

Once again, credit is due to the entire staff of the Corporation. It's really our trained, professional staff, stretching across the North, that makes the Northwest Territories Power Corporation such an unmitigated success. Their wholehearted participation has made our safety and environmental initiatives a success. Our reliability is due to their professionalism and diligence. Finally, they are doing their best to help us support our communities.

Leon Courneya

Leon Courneya, CA
President and CEO

In 1999, we aimed for ZERO Lost Time, and we made it. *The number of lost-time injuries at the Power Corporation has been going down steadily for the past several years. We set our sights for ZERO lost-time injuries in 1999, and we're proud to say that we made it. Furthermore, on*

Operations Report

S. Pun Chu, P. Eng.
Vice President,
Operations & Chief Engineer

Health and Safety

The Northwest Territories Power Corporation is proud to announce that we have achieved a ***zero lost-time calendar year*** for 1999.

We completed 1999/00 by meeting our goal of zero lost-time accidents - a first in the history of the Corporation. Staff in our safety department attribute our excellent safety record to the programs and training we have implemented over the course of the past three years. It has been our attempt to raise the safety awareness of our staff to the point that each employee becomes a safety expert. This elevated awareness of safety has allowed the Corporation to reach the goal of zero lost time in three short years.

Initiatives taken in 1999/00 to improve safety awareness include:

- Safety and Operation training for all new Plant Superintendents.
- Safe Back training for employees throughout the territories.
- Safety Awareness program delivered by Power Corporation employees to school children in Grades 5 and 6.
- Participation in the 3rd Annual Pole Top Rescue training/competition in Iqaluit. This training enables a Power Lineperson to rescue a fellow employee in the event of an electrical contact.
- Implementation of a non-smoking environment.

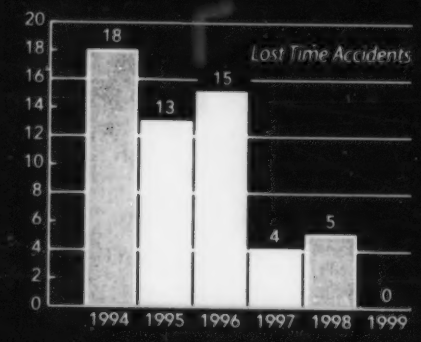
As we enter fiscal year 2000/01, the Corporation continues to strive for zero lost-time accidents. As of the writing of this report, we have passed three more months and achieved the ***one million person hours*** mark with no lost time due to on-the-job accidents.

Engineering

Our Engineering department consists of professional, dedicated and experienced electrical and mechanical engineers and technologists. Our staff has proved their expertise again and again in our projects across the North. Some of these projects include:

- Installation of natural gas engines in Inuvik. Inuvik is the first Corporation plant to be powered by natural gas in the Northwest Territories and Nunavut.
- Completion of the first year of a three-year project, constructing a new powerhouse in Clyde River.
- Construction of a new modular power plant in Paulatuk.
- Completion of Regional Control Centers. We installed a SCADA system in Inuvik and Iqaluit.
- Installation of 115kV breaker at Fort Smith Substation.
- Upgrade of a tank farm in Deline
- Completion of a Residual Heat System study in Northwest Territories and Nunavut.

April 10, 2000 we passed the 'one million working hours' mark without a single lost-time injury. As this report goes to print, our perfect safety record is still going strong!



Western Region Operations

The Western Region consists of 18 power plants in the Deh Cho, Sahtu and Mackenzie Delta areas of the Northwest Territories. We have modified the regional organization structure due to the changes caused by the shutdown of the High Temperature Hot Water system. We were busy with a number of different projects in the Western Region this past year. Some of these projects and events included:

- High Temperature Hot Water system shut down in Inuvik.
- Creation of the Regional Control Centres in Inuvik.
- Takeover of the water and sewerage operations by the Town of Inuvik.
- Natural Gas conversion in Inuvik.
- Installation of a new portable genset in Fort Liard, to overcome the load growth due to the development of natural gas in the Deh Cho Region.
- The successful negotiation with the Town of Inuvik to transfer employees to the water and sewerage operation without loss of a single job.

Nunavut Region Operations

The Nunavut Region comprises 23 plants in the Kitikmeot, Kivalliq and Baffin areas. The creation of the new territory has generated a lot of activity in Nunavut. The territory has seen an unprecedented electrical load growth, especially in its larger communities. Iqaluit saw a peak load increase of 14.8% over the previous year.

The Corporation is striving to meet post-division electrical needs across the North. Major capacity additions and plant improvements to Corporation facilities are currently underway to meet the growth precipitated by the formation of Nunavut, particularly in Iqaluit.

On May 1, the plant in Sanikiluaq went up in flames. The plant was completely destroyed; power was lost throughout the entire community. With the hard work and professionalism of Corporation employees from all over the two territories, we were able to have partial power restored to the community in 22 hours and full power restored 10 hours after that.

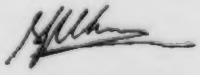
In 1999/00, the Corporation purchased a 300 KVA portable diesel generator to be used for emergency back up. We used the new generator in the Sanikiluaq emergency. Our emergency equipment - as well as our highly trained staff was put to the test and proved itself in a crisis situation.

Central Region Operations

The Central Region comprises 3 diesel plants at Rae Lakes, Wha Ti and Lutsel K'e and the diesel/hydro systems of Snare/Yellowknife and Taltson/Fort Smith/Fort Resolution.

We discovered defective splices in 1998/99 with the Snare hydro transmission line. To cope with these problems, we put in place a plan of action for the 1999/00 fiscal year, including a $5 million project to repair the existing cable splices on the 140 km Snare transmission line. The project has been completed and we look forward to achieving our goal of 100% reliability to the Corporation's customers served by this line.

As we embark on year 2000/01, we will continue to strive for excellence in customer service and maintain our objective of zero lost time due to injury on the job. We will also continue to raise the bar of safety awareness for our employees, our customers, and in our schools and our communities.



S. Pun Chu, P. Eng.
Vice President, Operations & Chief Engineer

Safety is part of the job. At the Power Corporation, we have made safety an essential part of our daily routine and it touches every aspect of the work we do: design, supply, construction, operations and administration. Every Power Corporation employee knows that he or she is responsible for his or her own safety and the safety of others. We recognize our responsibility in creating the

Environmental Report

Judy Goucher, MA
Director, Regulatory Affairs

The 1999/00 fiscal year was a rewarding year for the Corporation's environmental program. In October 1999, we submitted a report on our climate change initiatives to the Voluntary Challenge & Registry (VCR) Inc. We were extremely pleased to be awarded **Gold Champion Level Reporter** status for our commitment to reducing greenhouse gases, a ranking given to only 41 companies out of more than 900 registered at the time. At the annual VCR Inc. Leadership Awards, the Corporation received further distinction, winning the **Leadership Award for Best New Submission** and **Honourable Mention for the Electric Utility Sector.** The following is an extract from the speech made by Bob Flemington, President of VCR Inc. in presenting the Corporation with the award for Best New Submission:

BEST NEW SUBMISSION

Winner:

Northwest Territories Power Corporation

As one of the smaller organizations registered with VCR Inc., the Northwest Territories Power Corporation (the Corporation) is setting a strong example for other small- to medium-sized enterprises to follow. Its first Action Plan/Progress Report was comprehensive, showing significant and impressive results overall in reducing GHG emissions.

Senior managers from the Corporation are actively engaged in this climate change process. They are involved in the implementation and communication of strategies that are being developed by the Working Committee for the Strategy to Control Greenhouse Gas Emissions in the Northwest Territories, and they are also involved in the planning and implementation of all GHG reduction activities that are undertaken by the Corporation.

The Corporation has reduced its emissions by 13.88 per cent since 1990/91, and it has documented a reduction of almost 28,000 tonnes of CO_2. Among the projects that have contributed towards these reductions are efficient diesel engines, programmable logic controllers, wind energy conversions, residual heating systems, hydro generation, transmission and distribution lines, and energy efficient lighting.

The Corporation's current emission reduction plan is to reduce GHGs on a per kWh basis by 11 per cent from 1990/91 levels by 2006/07. Even without the GHG reduction initiatives described above, it projects that its GHG emissions should be 6.29 per cent below 1990/91 levels by 2004/05.

The Northwest Territories Power Corporation is wholly owned by the Government of the Northwest Territories and the Government of Nunavut. Headquartered in Hay River, Northwest Territories, the Corporation provides electrical generation and distribution services to 52 communities across the NWT and Nunavut. Its mission is to provide safe, reliable energy and related services in the Territories, while following sound business practices and demonstrating leadership in protecting the environment.

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In 1999/00, the Corporation continued to implement its Environmental Management System (EMS). The Board of Directors received quarterly reports on the status of the environmental program. An environmental audit protocol was developed and will be used as a template for future audits. Spill contingency plans were updated for all plants to provide a clear delineation of roles and responsibilities of employees when responding to environmental emergencies either on land or on water. Corporation employees continued to receive training in hazardous waste management, transportation of dangerous goods and on supervising oil transfer operations. Site assessments were completed at nine Corporation sites and a risk assessment was completed for twenty-seven Corporation sites. Monitoring wells were installed at all nine sites that were assessed.

Community consultation is an integral part of the site assessment program and the Corporation shared copies of the site assessment results with all communities where site assessment work was completed in 1999/00.

The Corporation strives for continuous improvement in its documentation and reporting of the environmental program. New databases were created in 1999/00, which will assist in the tracking of environmental training and environmental site status.

Our ongoing commitment to the environment will be reflected in the Corporation's 2000/01 Environmental Management System. Policies and procedures will be updated to improve both internal and external lines of communication and the Corporation will continue to benefit from environmental training programs for employees.

The success of our environmental program relies on the cooperative efforts of all Corporation employees. The Corporation will continue to stress prevention and awareness by committing to provide employees with the training that they need to operate in an environmentally responsible manner. However, should an environmental emergency occur, employees will be trained and equipped to respond.

Judith Goucher, MA
Director, Regulatory Affairs

Leon Courneya, NTPC President and CEO (right) accepts the award from Hon. Ralph Goodale, Minister of Natural Resources Canada at the annual VCR Inc. awards ceremony. Hon. David Anderson, Minister of Environment Canada is also on hand to congratulate the Corporation.

We hired the professionals to back us up.

Management Discussion & Analysis

Christine A. Jackson, CA
Vice President, Finance & CFO

The following Discussion and Analysis is intended to provide an historical and prospective analysis of the Corporation with 1999/00 financial performance as the primary focus. These comments should be read in conjunction with the Consolidated Financial Statements included in this report.

Results of Operations

Net income for 1999/00 was $10.7 million, a decrease from 1998/99 of $0.8 million.

During the 1999/00 fiscal year, two significant events occurred which affected the net income results for the fiscal year:

- First, the Corporation spent $0.4 million on its Year 2000 plan. As a result of its efforts, the Corporation's customers did not experience any service disruptions related to computer errors during the rollover of the calendar from 1999 to 2000.
- Second, in late 1999, the Nunavut Government announced that it would develop its own power company to operate and manage the electrical utility for Nunavut Territory, effective April 1, 2001. Therefore, the Corporation will divide into two entities. In order to ensure an orderly transition into a smaller company and to position itself for the future, an extensive re-organization study of the Corporation has been undertaken. To account for consultant costs, travel expenditures, and possible severance packages, an allowance of $1 million in restructuring costs has been made.

Excluding the impact of these two, one-time items, net income would have been $12.1 million, the highest net income in the Corporation's history.

Revenues

Electric sales increased $2.2 million (2.3%) over the previous fiscal year. While a significant decrease (30%) was experienced in Industrial revenues, increases of between four and six percent for Commercial and Domestic sales compensated for the loss. The Industrial sales decreased over the previous year as a result of a change in ownership of one mine, and the termination of a strike at the other mine. In both cases, production start-up was slow, resulting in decreased energy consumption.

Sales in Nunavut grew by 7% over 1998/99, due to the creation of the new territory, while sales in the NWT decreased by 1.8%, due to the industrial downturn noted above.

The average sale price increased to 23.31¢ per kWh, compared to 22.87¢ per kWh for 1998/99, as a result of the change in the mix of sales by customer class. Where previously the commercial and domestic sales represented 45.9% of total sales, in 1999/00 these sales represented 48.6% of total sales.

In 2000/01, electric sales are anticipated to increase by 19.2 GWh (4.6%), as a result of both mines in Yellowknife being at full production and continued growth in the commercial sales market. Commercial and domestic sales are anticipated to comprise 48% of total sales.

Electric Sales by Customer Class

Commercial	40.5	38.9	4.1	114.3	107.2	6.6
Domestic	33.8	31.9	6.0	86.7	81.7	6.1
Wholesale	16.5	16.3	1.2	175.9	173.0	1.7
Industrial	3.8	5.4	(29.6)	32.9	46.1	(28.6)
Streetlights	1.8	1.7	5.9	3.8	3.9	(2.6)
TOTAL	96.4	94.2	2.3	413.6	411.9	0.4

Electric Sales by Region

NWT	50.0	49.8	0.4	303.1	308.6	(1.8)
Nunavut	46.4	44.4	4.5	110.5	103.3	7.0
TOTAL	96.4	94.2	2.3	413.6	411.9	0.4

In addition to the electrical utility, the Corporation operated High Temperature Hot Water (HTHW) Heat and Water and Sewer utilities in Inuvik. Effective June 1999, the HTHW system was discontinued due to the rising cost of operating the system for a small number of customers. The municipal government in Inuvik began operating the Water and Sewer utility in April 2000. As a result of these ceased operations, the Corporation's revenues will decrease approximately $2.4 million in 2000/01.

With the passing of legislation in 2000/01, the Corporation intends to be more aggressive in its investment policy, while still maintaining an appropriate risk profile. The investments made by the Corporation are those in its sinking fund which will be used to retire long-term debt.

Expenditures

Operating expenditures (excluding amortization and interest expense) totalled $69.7 million, an increase of $2.4 million (3.6%) over the previous fiscal year. $1.4 million of this increase is attributed to Year 2000 expenditures and expenditures related to the division of the Corporation into two entities.

In addition, the Corporation negotiated a Collective Agreement with its workers in the Nunavut Territory. This resulted in an increase to salaries of 3% on average, retroactive to January 1999. A tentative agreement has been reached with the Corporation's employees in the Northwest Territories. Ratification of the contract is anticipated in July 2000. Provisions have been made for estimated retroactive increases.

Since safe back training was introduced, no one at the Power Corporation has lost time due to back injury.

Looking along the beach in Grise Fiord in front of the power house

Electric Sales by Customer Class

	Electric Revenues ($ Million)			Electric Sales (GWh)		
Customer Class	**2000**	**1999**	**% Change**	**2000**	**1999**	**% Change**
Commercial	40.5	38.9	4.1	114.3	107.2	6.6
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Safety training has no minimum age.

While the Corporation was faced with an increased cost of fuel due to worldwide price increases, fuel cost impact has not been seen on the Corporation's statement of earnings. With the exception of the Snare Cascades deferral account, changes in fuel price are accounted for through the Corporation's Rate Stabilization Funds (see below). The Snare Cascades deferral account was established to ease the impact on utility rates resulting from the Snare Cascades project being added to rate base. The additional costs of the asset, net of savings from displaced diesel generation are deferred for a five-year period ending in 2001. Due to increased fuel prices, the savings from displaced diesel generation will be smaller, resulting in an estimated increase in fuel costs of $0.8 million during 2000/01.

During 2000/01, the Corporation will be undertaking a comprehensive review of its risk profile and ability to absorb the cost of a loss, with a view to confirming appropriate insurance coverage.

Financing Costs

Financing costs increased $0.5 million (3.7%), in part as a result of an additional long-term debenture settled in October 1998, for which semi-annual interest payments are required. Additionally, the Corporation's short-term borrowings increased to finance the capital program and payment of two dividends (1998/99 and 1999/00) during the year.

Authority and Operation

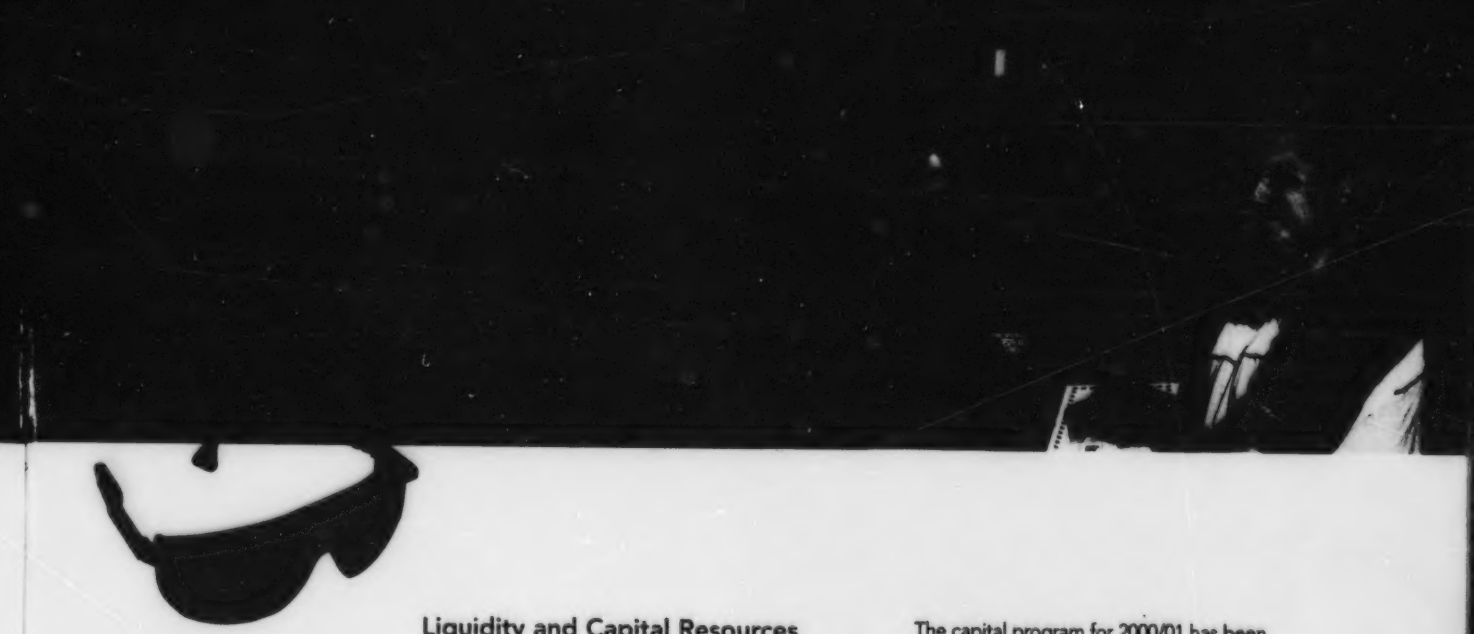
The Corporation's objects, contained in Section 5(1) of the NWTPC Act, generally describe the businesses and activities in which the Corporation is authorized to operate. During the year, the objects were expanded to permit the Corporation to carry out its activities outside the Territories, to provide services related to diesel power plants, and to become involved in activities related to the transmission of natural gas.

The Corporation's objects within the NWT are as follows:

- to generate, transform, transmit, distribute, deliver, sell and supply energy on a safe, economic, efficient and reliable basis;
- to supply water and sewerage services;
- to undertake programs to conserve energy;
- to ensure continuous supply of energy adequate for the needs and future development of the Territories;
- to undertake any other activity authorized by the Executive Council;
- to provide financing to the Snare Cascades hydro project.

The new objects are as follows:

- to generate, transform, transmit, distribute, deliver, sell and supply energy and related services outside the Territories including elsewhere in Canada and in other countries;
- to supply, design, operate, maintain, construct, train, acquire fuel and provide other services in the Territories and elsewhere in Canada and in other countries in relation to diesel power plants;
- to produce, gather, process, transport, distribute, purchase and market gas and natural gas liquids and to construct, operate, maintain and acquire and hold an interest in pipelines, processing plants and related facilities.



Liquidity and Capital Resources

Cash Flows in General

While the Corporation's year-end cash position remained virtually unchanged from the prior year, short-term debt of $24 million was outstanding ($5 million at March 31, 1999). Cash flows from operating activities were sufficient to fund more than 90% of the capital program, however, additional funds were required to make sinking fund instalments ($3.4 million) and to pay the 1998/99 and 1999/00 dividends ($12.8 million).

Capital Expenditures

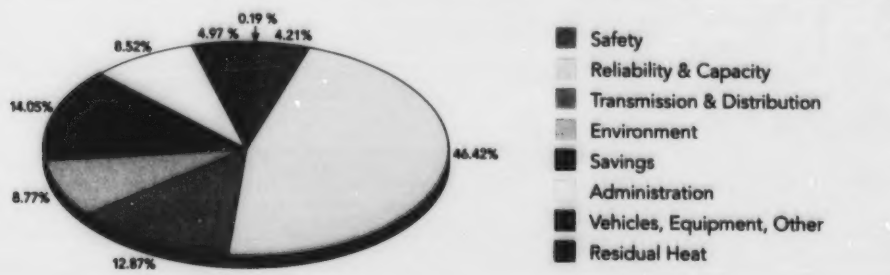
Each year the Corporation makes a substantial capital investment in its infrastructure. Capital expenditures for 1999/00 totalled $21.4 million, a $4.5 million increase over 1998/99. The expenditures for 1999/00 included such projects as repairs to the Snare/Yellowknife transmission line, new power plants in Paulatuk and Clyde River, the Natural Gas project in Inuvik, and various smaller projects.

The capital program for 2000/01 has been budgeted at $18.5 million. In early May 2000, the power plant in Sanikiluaq was destroyed by fire; it will need to be completely rebuilt. The new plant is currently expected to cost approximately $5.5 million, of which $3 million to $5 million will be recoverable through insurance.

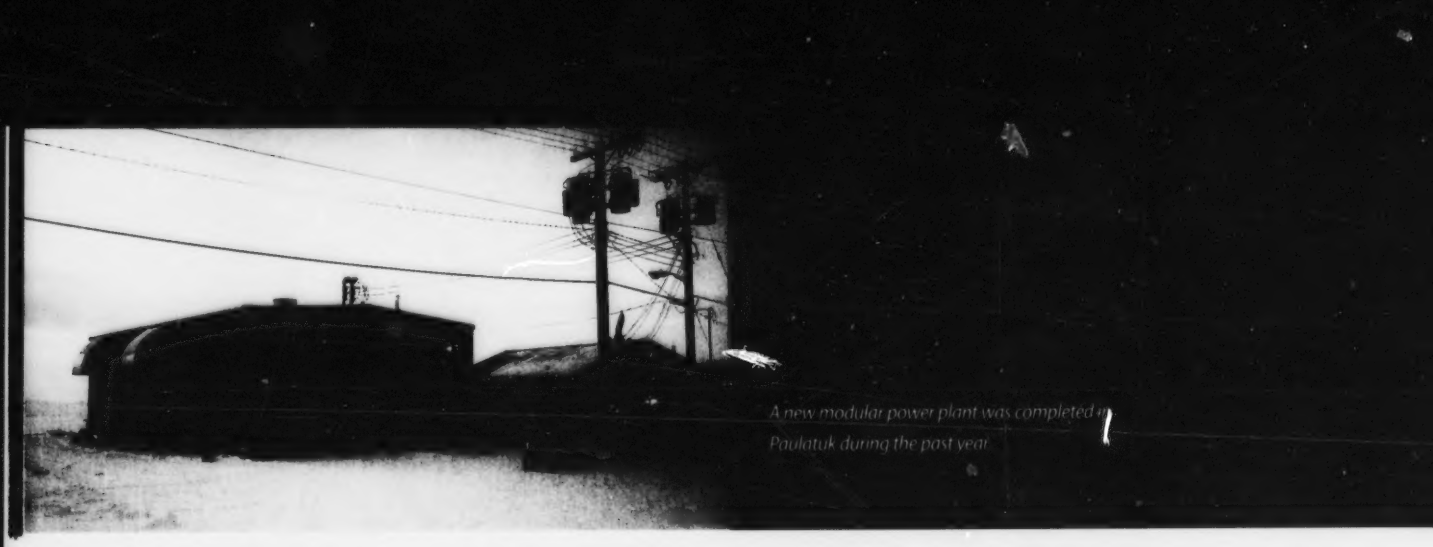
Rate Stabilization Funds

Due to an increase in world fuel prices, the Corporation anticipates that the Diesel communities fuel fund will reach its $2 million trigger in the first quarter of 2000/01, and will reach the trigger at least twice more during the fiscal year. An application to the Public Utilities Board (PUB) to implement a fuel rider to the affected customers has been approved and wil. be implemented July 1, 2000.

The Norman Wells Fuel Stabilization Fund is also expected to reach its $100 thousand trigger in the summer of 2000. An application will be submitted to the PUB for a fuel rider for the affected customers.



Capital Expenditure Categories for 1999/00



A new modular power plant was completed in Paulatuk during the past year.

2000/01 Forecast

The original budget for 2000/01 anticipated net income of $11.2 million. However, this could be difficult to achieve in light of a number of factors including rising fuel prices and division of the Corporation.

During the fiscal year, the Corporation will be

- submitting a General Rate Application in the fall of 2000,
- dividing the assets and liabilities of the corporation,
- seeking the Hay River Franchise,
- reorganizing the Corporation,
- negotiating contract services to the Nunavut Power Corporation,
- implementing a new sinking fund policy, and
- completing a risk management assessment and establishing a strategy.

Key Financial Targets and Ratios

The Corporation has identified several key indicators against which to measure corporate performance, as seen below.

Total Return on Regulated Equity (RORE) is a measurement of the relationship between profit and equity invested in the Corporation. In 1999/00, this ratio decreased over the previous fiscal year due to the expenditures incurred on the Year 2000 issue as well as the restructuring initiative.

Debt/Debt+Equity Ratio measures the amount of debt the Corporation has as compared to the equity invested in the Corporation. The Corporation is striving towards a target of 50% to 55% debt compared to 45% to 50% equity. For the fiscal year 1999/00, a ratio of 57/43 was achieved. The amount of debt compared to equity increased over the previous year due to the size of the capital program and the payment of two dividends during the fiscal year.

Plant Efficiency measures the number of diesel kilowatt hours generated per litre of fuel consumed. This efficiency ratio is instrumental in the setting of rates. While the ratio dropped by 0.06 kWh per litre, it should not be interpreted that the Corporation incurred an overall drop in plant efficiency. The plant efficiency ratio is based on diesel production only. In 1999/00, two gas engines were installed in Inuvik. Their generation is not included in the efficiency calculation. Prior to the installation of the gas engines, a very efficient diesel engine, which produced a significant amount of kilowatt-hours, was used in Inuvik. The inclusion of this diesel production in the overall corporate efficiency measurement brought the overall average up and its loss brings the corporate average down.

Christine Jackson

Christine A. Jackson, CA
Vice President, Finance & CFO

	2001 Target	2000 Target	2000	1999	1998
Total Return on Regulated Equity	10.0%	9.6%	10.0%	11.2%	11.0%
Debt/Debt+Equity Ratio	55/45	55/45	57/43	55/45	56/44
Plant Efficiency (kWh per litre)	3.58	3.58	3.59	3.64	3.57

2000/01 Forecast

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Christine Jackson

Christine A. Jackson, CA
Vice President, Finance & CFO

Plant Efficiency (kWh per litre)	3.58	3.58	3.59	3.64	3.57

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements were prepared by management in accordance with generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. The Northwest Territories Power Corporation is regulated by the Public Utilities Boards of the Northwest Territories and Nunavut, which also examine and approve its accounting policies and practices. Consolidated financial statements include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

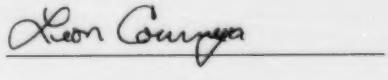
The Corporation maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used to further the Corporation's aims, are protected from loss or unauthorized use and that the Corporation acts in accordance with the laws of the Northwest Territories, Nunavut and Canada. The Corporation's management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial Crown corporation. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing his opinion on the consolidated financial statements. He also considers whether the transactions that come to his notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

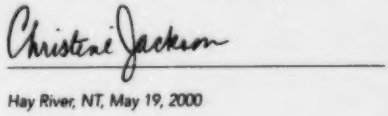
The Board of Directors appoints certain of its members to serve on the Audit and Efficiency Committee. This Committee oversees management's responsibilities for financial reporting and reviews and recommends approval of the consolidated financial statements. The internal and external auditors have full and free access to the Audit and Efficiency Committee.

The consolidated financial statements have been approved by the Board of Directors.

Leon Courneya, CA
President & CEO



Christine A. Jackson, CA
Vice President, Finance & CFO



Hay River, NT, May 19, 2000

Auditor's Report

To the Minister responsible for the Northwest Territories Power Corporation

I have audited the consolidated balance sheet of the Northwest Territories Power Corporation as at March 31, 2000 and the consolidated statements of earnings and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation and its wholly-owned subsidiaries and the consolidated financial statements are in agreement therewith and the transactions of the Corporation and of its wholly-owned subsidiaries that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, the *Northwest Territories Power Corporation Act*, Part II of the *Nunavut Power Utilities Act* and the by-laws of the Corporation and its wholly-owned subsidiaries.

Sheila Fraser

Sheila Fraser, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 19, 2000

Consolidated Statement of Earnings and Retained Earnings

for the year ended March 31, 2000, ($000's)

	2000	1999
Revenues		
Sale of power	$96,356	$94,182
Other (Note 3)	3,481	3,403
Sale of heat	1,582	2,280
	101,419	99,865
Expenses		
Fuel and lubricants	25,822	25,752
Salaries and wages	23,546	22,326
Supplies and services	16,750	16,287
Amortization of capital assets	8,875	8,650
Travel and accommodation	3,603	2,947
Amortization of deferred charges	225	445
	78,821	76,407
Earnings from operations	22,598	23,458
Allowance for funds used during construction	701	308
Interest income	1,408	1,231
	2,109	1,539
Earnings before interest expense	24,707	24,997
Interest expense (Note 5)	14,031	13,502
Net earnings	10,676	11,495
Retained earnings at beginning of period	62,989	58,097
	73,665	69,592
Dividend (Note 6)	6,239	6,603
Retained earnings at end of period	$67,426	$62,989

See accompanying notes

Consolidated Cash Flow Statement

for the year ended March 31, 2000, ($000's)

	2000	1999
Cash flows from operating activities		
Cash receipts from customers	$102,017	$98,441
Cash paid to suppliers and employees	(70,016)	(65,795)
Interest received	1,408	1,226
Interest paid	(13,823)	(13,289)
Cash flows from operating activities	19,586	20,583
Cash flows used in investing activities		
Purchase of capital assets	(21,427)	(16,944)
Proceeds from sale of equipment	49	581
Cash flows used in investing activities	(21,378)	(16,363)
Cash flows used in financing activities		
Proceeds from long-term borrowings	-	10,000
Net proceeds from short-term borrowings	19,071	335
Repayment of net lease obligation	(208)	(227)
Sinking fund installments	(3,362)	(2,571)
Repayment of long-term debt	(395)	(5,719)
Dividend paid	(12,842)	(6,261)
Cash flows from (used in) financing activities	2,264	(4,443)
Net increase (decrease) in cash and short-term investments	472	(223)
Cash and short-term investments at beginning of period	712	935
Cash and short-term investments at end of period	$1,184	$712

See accompanying notes

Consolidated Balance Sheet

as at March 31, 2000, ($000's)

	2000	1999
Assets		
Capital assets (Note 7)		
Capital assets in service	$390,534	$367,745
Less accumulated amortization	(100,429)	(96,356)
	290,105	271,389
Construction work in progress	3,704	8,360
	293,809	279,749
Current assets		
Cash and short-term investments	1,184	712
Accounts receivable	16,632	17,177
Prepaid expenses	2,114	1,054
Inventories	12,828	12,984
	32,758	31,927
Other assets		
Deferred charges and other assets (Note 4)	7,542	7,437
Sinking fund investments (Note 8)	11,518	8,156
	19,060	15,593
	$345,627	$327,269
Liabilities and Shareholder's Equity		
Long-term debt		
Long-term debt (Note 9)	$129,346	$129,680
Net lease obligation (Note 10)	2,238	2,446
	131,584	132,126
Current liabilities		
Bank indebtedness and short-term debt (Note 11)	24,216	5,145
Accounts payable and accrued liabilities	17,045	16,381
Capital Replacement Reserve Fund (Note 12)	2,525	2,472
Current portion of long-term debt (Note 9)	335	395
Dividend payable (Note 6)	-	6,603
	44,121	30,996
Other liabilities		
Future removal and site restoration provision (Note 13)	48,237	47,414
Deferred credits and other liabilities (Note 14)	11,130	10,615
	59,367	58,029
Shareholder's equity (Note 15)	110,555	106,118
	$345,627	$327,269
Commitments & contingencies (Notes 16 and 19)		

Approved on behalf of the Board:

Gordon Stewart
Chairman of the Board

Tom Zubko
Director

See accompanying notes

Notes to Consolidated Financial Statements

March 31, 2000, ($000's)

1. Authority and Operation

The Corporation was established under the Northwest Territories Power Corporation Act. The Corporation is a territorial corporation under Schedule B of the Financial Administration Act and is exempt from income tax.

The Corporation operates diesel, natural gas and hydroelectric production facilities to provide utility services on a self-sustaining basis in the Northwest Territories and Nunavut. The Corporation is regulated by the Public Utilities Boards of the Northwest Territories and Nunavut (PUB).

Division of Territory

Effective April 1, 1999, the Northwest Territories divided into two separate territories. The Government of the Northwest Territories and the Interim Commissioner of Nunavut have entered into an agreement wherein the Corporation will continue as a single Corporation until March 31, 2001. At April 1, 2001 the Corporation will divide into two separate organizations.

2. Accounting policies

The Corporation is regulated by the PUB, which administers acts and regulations covering such matters as rates, financing, accounting, construction, operation, and service area. The PUB may award interim rates, subject to final determination. The regulatory treatment of unforeseen significant expenditures and the impact on rates will be examined when the Corporation files amended rate schedules and will take into account any recoveries from third parties.

Some accounting practices are prescribed by the regulator and accepted for rate regulated utilities. A summary of the significant accounting policies follows:

Consolidation

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and include the accounts of the Corporation and its wholly-owned subsidiaries NWT Energy Corporation Ltd., and 923204 N.W.T. Ltd.

NWT Energy Corporation Ltd., under the authority of the Northwest Territories Power Corporation Act, provided financing to the Dogrib Power Corporation for the construction of a 4.3 MW hydro facility. 923204 N.W.T. Ltd. operates and manages one residual heat project in Fort McPherson.

Revenue

Utility revenues are recognized on the accrual basis and include an estimate of services provided but not yet billed.

Inventories

Fuel and lubricants and materials and supplies are valued at average cost.

Capital assets
Capital assets, excluding those donated to the Corporation, are recorded at original cost and include materials, direct labour and a proportionate share of overhead costs and an allowance for funds used during construction which provides for a return on capital at a rate approved by the PUB.

Capital assets donated to the Corporation are recorded at their estimated fair value less accumulated amortization.

Amortization
Amortization of capital assets is provided on the straight-line average group useful life basis, at rates which are approved by the PUB and which include a provision for future removal and site restoration costs, net of salvage value.

In accordance with utility accounting practices, retirement of these assets is charged to the provision with no gains or losses reflected in operations. Gains or losses arising from exceptional circumstances are included in earnings.

Amortization rates are as follows:

Electric power plants	1.3 – 5.2%
Transmission and distribution systems	1.9 – 5.0%
Warehouse, equipment, motor vehicles and general facilities	2.6 – 9.9%
Other utility assets	5.0%
Other	20.0%

Deferred charges
The Snare Cascades deferral account was approved by the PUB in 1996 to ease the impact on utility rates resulting from the Snare Cascade project being added to the rate base. The additional costs of the asset, net of savings from displaced diesel generation, are deferred until 2001, to be amortized over the following ten years.

The Reserves for Injuries and Damages, approved by the PUB, represents emergency repairs to equipment which have not been included in revenue requirement. The balance in the Reserve represents amounts to be included in the revenue requirement for future years. Financing costs relating to the issue of long-term debt are amortized on a straight-line basis over the remaining term of the related debt. Regulatory costs are amortized on a straight-line basis over a period not exceeding three years.

Sinking fund investments
The Corporation records sinking fund investments at amortized acquisition cost. Any discount or premium arising on purchase is amortized over the period to maturity. As a result of the amortization, earnings from the investment reflect the yield based on purchase costs, not on coupon rates, and the carrying value of the investments are adjusted systematically, over the period they are held, toward the amount expected to be realized at maturity.

Capital Replacement Reserve Fund
The excess of revenues over expenditures, in the operation of the Inuvik Water and Sewer system are placed in the Capital Replacement Reserve Fund. Capital expenditures of the utility are charged against this fund. Interest is earned on the fund based on the average 30 day BA rate for the month as prescribed by the operating agreement with the Town of Inuvik.

Notes to Consolidated Financial Statements

March 31, 2000, ($000's)

Deferred credits

Deferred credits reflect donations of assets and contributions to aid in the construction and acquisition of property and equipment, and are amortized on the same basis as the related property and equipment, and the resulting credit is offset against the corresponding provision for depreciation.

Pension plan

Contributions are made by the Corporation and its employees to the Public Service Superannuation Plan administered by the Government of Canada. These contributions represent the total pension obligation of the Corporation and are recognized in the accounts on a current basis.

Rate stabilization funds

In January 1997, the PUB approved the establishment of water and fuel stabilization funds to mitigate the impact on utility rates of unexpected changes in fuel prices, changes from average water levels and fluctuations in hydro generation. The balance in the funds are accounted for by excesses and deficiencies in fuel price and water levels, which accumulate until specified limits are reached, at which time rates are increased or decreased to bring the fund to anticipated levels.

Future removal and site restoration provision

The provision for future removal and site restoration reflects the estimated cost of retiring the assets of the Corporation, net of salvage value. These costs are amortized over the estimated useful lives of the related assets on a straight-line average group useful life basis. Due to the long-term nature of the assumptions made in deriving these estimates, the provision is periodically revised and updated for current information.

Measurement uncertainty

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Corporation's best information and judgement. Such amounts are not expected to change materially in the near term.

3. Other Revenue

	2000	1999
Water and sewer	$1,148	$1,449
User fees	817	783
Contract work	608	501
Miscellaneous	582	420
Connection fees	326	250
	$3,481	$3,403

4. Deferred charges and other assets

	2000	1999
Snare Cascades Deferral Account	$3,735	$2,231
Reserve for Injuries and Damages	982	1,004
Rate stabilization funds	752	1,475
Other	715	742
Fuel spill	628	1,060
Financing costs	602	647
Housing loans receivable	80	240
Regulatory costs	48	38
	$7,542	$7,437

The rate stabilization funds are comprised of fuel $1,756 (1999 - $913) and water $(1,004) (1999 - $562).

5. Interest expense

	2000	1999
Interest on long-term debt:		
Sinking Fund debentures	$10,209	$9,869
Debentures	2,338	2,351
Capital lease	368	314
Promissory note	-	136
	12,915	12,670
Other interest	1,116	832
	$14,031	$13,502

6. Dividends

The Corporation declared a dividend of $6,239 (1999 - $6,603) to the Governments of the Northwest Territories and Nunavut.

Notes to Consolidated Financial Statements

March 31, 2000, ($000's)

7. Capital assets

	2000			1999
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Electric power plants	$275,333	$(74,480)	$200,853	$190,549
Transmission & distribution systems	78,591	(9,715)	68,876	65,296
Warehouse, equipment, motor vehicles and general facilities	26,616	(10,787)	15,829	12,910
Other utility assets	6,089	(2,119)	3,970	1,844
Other	3,905	(3,328)	577	790
	390,534	(100,429)	290,105	271,389
Construction work in progress	3,704	-	3,704	8,360
	$394,238	$(100,429)	$ 293,809	$279,749

Engineering and general administration expense capitalized during the year amounted to $1,921 (1999 - $2,232).

8. Sinking fund investments

Sinking fund investments are held by the Trustee for the redemption of long-term debt. These investments consist of securities and short-term investments issued or guaranteed by the municipal, provincial, or federal governments of Canada, and paper issued by approved banks.

The sinking fund agreement requires the Corporation to make minimum annual installments. The installments required for the next five years are disclosed in Note 9.

	2000		1999	
	Carrying Value	Weighted average effective yield	Carrying Value	Weighted average effective yield
Federal Government guaranteed	$10,365	5.72%	$3,518	4.75%
Cash & short-term investments	583	0.25%	19	0.25%
Provincial Government guaranteed	521	6.45%	522	5.63%
Municipal Government guaranteed	49	6.85%	49	6.35%
Bank paper	-	-	$4,048	4.77%
	$11,518	5.50%	$8,156	4.83%

Fair value information for sinking funds is included in Note 16.

9. Long-term debt

	2000	1999
11% sinking fund debentures, due March 9, 2009	$20,000	$20,000
11⅛% sinking fund debentures, due June 6, 2011	15,000	15,000
10¾% sinking fund debentures, due May 28, 2012	20,000	20,000
9⅜% sinking fund debentures, due May 12, 2014	20,000	20,000
6.33% sinking fund debentures, due October 27, 2018	10,000	10,000
8.41% sinking fund debentures, due February 27, 2026	20,000	20,000
10% debenture series 1, due May 1, 2025 repayable in equal monthly payments of $70	7,714	7,779
9¾% debenture series 2, due October 1, 2025 repayable in equal monthly payments of $69	7,733	7,797
9.11% debenture series 3, due September 1, 2026 repayable in equal monthly payments of $73	8,751	8,823
6.5% Canada's Northwest Territories Government Aurora Fund (1996) 923204 N.W.T. Ltd.'s portion representing 50%, due December 2002	375	375
5.9% I.B.M. Lease, due December 1, 2000 repayable in equal monthly payments of $17	108	301
	129,681	130,075
Less: Current portion	335	395
	$129,346	$129,680

All debentures are unconditionally guaranteed by the Government of the Northwest Territories.

Principal repayments and sinking fund investment requirements for the next five years:

	Principal Repayments	Sinking Fund Investment Requirements
2001	335	2,805
2002	249	2,807
2003	649	2,796
2004	298	2,740
2005	332	3,028

Notes to Consolidated Financial Statements

March 31, 2000, ($000's)

10. Net lease obligation

The NWT Energy Corporation Ltd. loaned funds in 1994/95 through 1996/97 to the Dogrib Power Corporation to finance the construction of a hydroelectric generating plant on the Snare River in the Northwest Territories. The balance of the loan receivable is $22,434 (1999 - $22,612).

The loan bears interest at an annual rate of 9.6% which is the average rate of interest on NWT Energy Corporation Ltd.'s long term debt issued to finance the loan. It will be repaid over a 30-year period which commenced in August 1996, with monthly payments including interest of $195. The loan is secured by a charge against the plant and the lease agreement.

Upon completion of construction in August 1996, the NWT Power Corporation leased the plant at an imputed interest rate of 9.6% from the Dogrib Power Corporation for 65 years. The value of the capital lease obligation is $24,881 (1999 - $25,285).

To reflect the effective acquisition and financing nature of the lease, the plant is included in electric power plants in capital assets at a cost of $26,342.

Upon consolidation, the loan receivable held by NWT Energy Corporation Ltd. is offset with the capital lease obligation of the Corporation resulting in a net lease obligation of $2,238 (1999 - $2,446).

The net lease obligation will decrease by the following amounts over the next five years.

2001	$208
2002	188
2003	166
2004	142
2005	116

11. Bank indebtedness and short-term debt

	2000	1999
Banker's Acceptance	$18,000	$1,700
Bank overdraft	6,216	3,445
	$24,216	$5,145

The interest rate charged on bank overdrafts is prime. The Banker's Acceptance outstanding at year end range from terms of 35 days to 90 days and the weighted average annual interest rate is 5.66%.

12. Capital Replacement Reserve Fund

This amount represents funds held for capital repairs to the water and sewer system in the Town of Inuvik.

Expenditures are made upon the approval of the Inuvik Utilities Planning Committee, which consists of representatives of the Town of Inuvik, the Department of Municipal and Community Affairs of the Government of the Northwest Territories, and the Corporation. During the year, the fund earned $95 (1999 - $111) of interest at rates ranging from 4.7% to 5.3% (1999 – 4.5% to 5.9%).

The Corporation operates the utility on behalf of the Town of Inuvik, who will take over the operations of the utilidor system in April 2000, at which time the balance of the fund will be turned over to the Town.

13. Future removal and site restoration provision

The provision for 1999/00 is $1,479 (1999 - $1,460) and the amount expensed is $656 (1999 - $502).

14. Deferred credits and other liabilities

	2000	1999
Donations in aid of construction	$10,001	$9,671
Employee termination benefits	1,129	944
	$11,130	$10,615

Termination benefits are earned by certain employees as a condition of their employment, and are based upon years of service.

15. Shareholder's equity

	2000	1999
Capital Stock		
Authorized: unlimited number of voting common shares without par value		
Issued: 431,288 common shares	$43,129	$43,129
Retained earnings	67,426	62,989
	$110,555	$106,118

Notes to Consolidated Financial Statements

March 31, 2000, ($000's)

16. Commitments and contingencies

Capital projects

The estimated cost to complete capital projects in progress as at March 31, 2000, was $12,126 (1999 - $13,574).

Operating leases

The Corporation has leased property and equipment under various long-term operating leases. The minimum annual payments for these leases are as follows:

2001	$266
2002	111
2003	95
2004	73
2005	6
2006-2038	69
	$620

Supply contracts

The Corporation has entered into contracts to purchase refined oil products. The contracts extend to October 2001, reflect minimum purchase commitments of 37,990,000 litres consistent with the Corporation's operational requirements, and are based on market prices, at time of delivery.

Loan guarantee

The Corporation has guaranteed a loan made by the Aurora Fund to Aadrii Limited in the total amount of $750. This guarantee has been made jointly and severally with another party.

Natural gas purchase commitment

The Corporation has entered into an agreement to purchase natural gas to supply Inuvik with electricity. The minimum obligation is to purchase 5,622,900m^3 of natural gas per annum for 15 years, beginning on August 1, 1999. The price shall be calculated annually on the anniversary of the Initial Delivery Date and will depend on the Edmonton Average Unbranded High Sulphur Diesel Price as posted in the Bloomberg Oil Buyers Guide on that date.

Legal issues

The Corporation has been named as a defendant in two lawsuits. One action relates to the sale of a used diesel generator by the Corporation. The second action, involving the Government of the Northwest Territories and the Federal Government is a claim related to the construction of the hydro system on the Taltson River. As directed by the Cabinet of the Government of the Northwest Territories, the Corporation and the Government of the Northwest Territories will be filing separate defences to the suit. An estimate of the contingent loss arising from these two actions, if any, cannot be determined at this time.

17. Related party transactions

The Corporation is a Territorial Crown corporation and consequently is related to the Governments of the Northwest Territories and Nunavut and its agencies and Crown corporations.

The Corporation provides utility services to, and purchases fuel and other services from, these related parties. These transactions are at the same rates and terms as those with similar unrelated customers.

Transactions with related parties and balances at year end, not disclosed elsewhere in the financial statements, are as follows:

	2000	1999
Sale of power, heat, water and other	$22,547	$23,669
Purchase of fuel	8,205	9,773
Fuel Tax	1,602	1,846
Other	471	695
Balances at year end:		
Accounts Receivable	1,846	3,113
Accounts Payable	1,730	1,863

18. Financial instruments

	2000		1999	
	[redacted]	[redacted]	[redacted]	[redacted]
Long-term debt	$129,681	$162,346	$130,075	$178,657
Net lease obligation	2,238	4,262	2,446	6,604
Sinking fund investments	11,518	11,441	8,156	8,213

The fair value of cash and short-term investments, other current accounts receivable and payable, and bank indebtedness and short-term debt excluding the current portion of loan receivable and long-term debt, approximates the carrying amount of these instruments due to the short period to maturity. The fair value of employee termination benefits approximates carrying value. The fair values for the long-term debt and net lease obligation, are determined using market prices for similar instruments. The fair value of the sinking fund investments was determined using market prices.

Notes to Consolidated Financial Statements

March 31, 2000, ($000's)

19. Franchises

Subsection 37(1) of the Public Utilities Acts of the Northwest Territories and Nunavut states that a public utility shall file with the Board a copy of its franchise before the public utility intends to begin operating under the franchise.

The Corporation requires franchises for 50 communities. As at March 31, 2000, 37 franchises (1999 – 38 franchises) are in place, while the remaining franchises are at various stages of the application process.

20. Comparative figures

Certain reclassifications have been made to the comparative figures to conform with current year's presentation.

Schedule of Write-offs

for the year ended March 31, 2000 (unaudited)

The following are those assets, debt or obligations, in excess of $500, that the Corporation has written off in the year pursuant to section 84 of the Financial Administration Act.

Accounts Receivable

Plant/Name	Amount
Arviat	
Shaunayah Ltd.	$568.16
Baker Lake	
Mandeville, William	803.23
Coral Harbour	
Sudliq Developments	3,472.25
Fort Liard	
Fort Liard Cable Services	850.31
Fort Simpson	
Flanagan, Marie	1,088.44
Fort Smith	
Blinks Painting	561.60
Kropius, Walter o/a Pinecrest	557.95
Stock, Loretta	510.28
Igloolik	
Padiuq, Jeela	1,535.65
Quassa, Paul	624.62
Inuvik	
Café Gallery	5,466.72
Day, Jonathan	750.47
Delauniere, Marc	680.31
Delta Offices Supplies	1,025.98
Elanik, Lorraine	626.13
Elanik, Lorraine	807.98
Gordon, Karlene & David	661.15
Green, Emma	511.39
Inuvik Food Mart	2,764.34
Jerome, Brenda	1,997.30
Joujan, Wendy	570.74
Khalil, Ali Ibrahim	723.42
Larocque, Maxine	524.36

Plant/Name	Amount
Inuvik (continued)	
Lindsay Management	724.91
Lindsay Management Services	886.43
Mac's News Stand 1994	9,194.26
Nissen, Brent	533.55
Nissen, Brent	647.71
Nissen, Brent	561.53
Nissen, Brent	700.16
Nukon, William	907.94
Orca Interiors	1,086.40
Seabrook, Barb	1,316.56
Stoklosa, Kevin	554.54
Tachynski, Cecile	952.35
Iqaluit	
Joamie, Sytukie	817.29
Liddard, Grant	2,014.42
Pootoogook, Jaw	1,313.65
3074609 Canada Inc.	2,456.30
Kugluktuk	
Routhier, Lucille	1,078.34
Paulatuk	
Kalvik Construction	1,607.59
Pond Inlet	
Pond Inlet Distributors	1,137.81
Rankin Inlet	
M & T Enterprises	671.98
Tsiigehtchic	
Northwest Transport	8,886.59
Yellowknife	
Sun Café	1,756.86
*Royal Oak Mines	1,942,489.39
	$2,009,979.34

Cash

Plant	
K'asho Got'ine	658.53
	$658.53

* *these funds were recovered from the GNWT in March 2000*

Consolidated Financial Summary

for the year ended March 31, 2000

	2000	1999	1998	1997	1996
			000's		
Operating revenue	$101,419	$99,865	$100,108	$102,592	$102,355
Operating expenses	78,821	76,407	77,330	81,898	82,675
Fuel and lubricants expense	25,822	25,752	28,118	33,963	34,018
Interest expense	14,031	13,502	13,686	14,835	11,736
Earnings from operations	22,598	23,458	22,778	20,694	19,680
Net earnings	10,676	11,495	10,510	9,106	10,665
Dividend	6,239	6,603	6,261	5,854	4,292
Expenditures on property and equipment	21,427	16,944	11,387	42,477	17,443
Gross fixed assets	390,534	373,281	364,781	350,596	305,540
Sales (MWh)	413,586	411,902	429,642	432,825	457,321
Generation (MWh)	458,969	455,747	482,504	486,576	504,172
Number of customers	19,248	17,658	17,123	16,855	16,698
NWT	8,285	-	-	-	-
Nunavut	10,963	-	-	-	-
Return on Assets Employed (Net income/Avg Total Assets)	3.17%	3.81%	3.44%	4.69%	5.25%
Average Unit Energy Cost (Operating cents/kWh generated)	17.17	15.99	16.11	16.94	16.87
Average Selling Price (Operating cents/kWh sold)	23.31	22.87	21.83	22.19	21.11

Y2K Report

The NWT Power Corporation is pleased to report that all computer and communications hardware functioned correctly during the lead up to and following the Year 2000 roll over.

During the year 1999, a Year 2000 task force met continuously under the direct authority of the President and CEO. Systems were inventoried and categorized in relation to their importance. Compliance was assessed and tested. Equipment and software was replaced, upgraded or retired as appropriate.

The task force also developed contingency plans as well as communications plans and tested them on several occasions.

On New Year's eve, corporation staff were on hand at all critical operational areas of the company to ensure a safe, reliable, outage free transition for all of our customers.

There were no Y2K related power failures in any of the 52 communities we serve. The corporation also avoided any business software failures or interruptions affecting payroll, billing and corporate accounting systems.

Senior executives of the corporation also participated actively and continuously on the GNWT Territorial Emergency Response Committee for up to 18 months before the changeover. This committee co-ordinated efforts with civil authorities and the military to ensure all sectors would be prepared for any possible computer related failures.

The Y2K project was carried out in the best traditions of the NWT Power Corporation, and thanks are due to all of our employees for their exceptional efforts on behalf of our customers. Their support and personal sacrifices over the period of Y2K celebrations ensured our success.

John Locke
Director, Information Systems

Pole top competition 1998 in Hay River. However it is interesting to note that most of the employees here also participated in Iqaluit 1999 Pole top competition.

Board of Directors

(at March 31, 2000)

The Corporation's affairs are overseen by a Board of Directors, the majority of whom are residents of the Northwest Territories and customers of the Corporation. The directors oversee the development, adoption and implementation of the Corporation's strategies.

Front row: President and CEO, Leon Courneya; Vice Chairman, Simon Merkosak; Board Member, John Parker; and Chairman, Gordon Stewart.

Back row: Board Member, Kelly Kaylo; Financial Advisor, Fred Abbot; Board Member, Tom Zubko; Board Member, Pierre Alvarez*; Board Member, Eric Shelton; Board Member, David Simailak; Board Member, Charlie Evalik*; and Corporate Secretary, Louise Schumann.

* Term Ended

Committees of the Board:

Audit & Efficiency Committee
- T. Zubko, Chairman
- P.R. Alvarez
- C. Evalik
- K. Kaylo
- E. Shelton
- G. Stewart
- F.F. Abbott, Advisor

Governance & Compensation Committee
- J.H. Parker, Chairman
- L. Courneya
- S. Merkosak
- D. Simailak
- G. Stewart

Officers of the Corporation:

Gordon Stewart
Chairman

Leon Courneya, CA
President & Chief Executive Officer

R.A. Blennerhassett, P. Eng
Vice President, Operations & Chief Engineer

Christine A. Jackson, CA
Vice President, Finance & Chief Financial Officer

Derek Aindow
Director, Personnel

Robert Blowers
Director, Materials Management

Pun Chu, P. Eng
Director, Western Operations

Axel Have, P. Eng
Director, Nunavut Operations

Judith Goucher
Director, Regulatory Affairs

Louise Schumann
Corporate Secretary

John Locke
Director, Information Systems

Diana Moes, CMA
Director, Finance

J. Andrew Nelson
Director, Internal Audit & Environmental Affairs

Dan Roberts, P. Eng
Director, Central Operations

Gerd Sandrock, P. Eng
Director, Engineering

Long Service Employees

NAME	POSITION	LOCATION	SERVICE FOR
Head Office			
Bourque, Bill	Trans. & Dist. Superintendent	Hay River	35 years
Schmidt, Robert	Mechanical Technologist	Hay River	20 years
Farrell, Tim	Mechanical Engineer	Hay River	10 years
McMeekin, Marlene	Reconciliation Clerk	Hay River	10 years
Schumann, Louise	Corporate Secretary	Hay River	10 years
Stainbrook, Shayne	Drafting/Records Supervisor	Hay River	10 years
Harrington, Pat	Operations Secretary	Hay River	5 years
Larocque, Joletta	Personnel Co-ordinator	Hay River	5 years
Walsh, Matthew	Programmer/Analyst	Hay River	5 years
Central Region			
Bishop, Brian	Electrician	Yellowknife	20 years
Dies, Ken	System Operator	Yellowknife	20 years
Furey, Tim	System Operator	Yellowknife	20 years
Willows, Brian	Manager, Safety, Western	Yellowknife	20 years
Chocolate, Eddie	Plant Superintendent I	Rae Lakes	10 years
Cornock, Evan	Plant Operator	Yellowknife	10 years
James, Steve	Plant Operator	Yellowknife	10 years
Mason, Greg	Plant Operator	Yellowknife	10 years
Ollerhead, Paul	Plant Operator	Yellowknife	10 years
Roberts, Dan	Director, Central Operations	Yellowknife	10 years
Chapman, Bob	Manager, Technical Services	Yellowknife	5 years
Dasti, James	Power Lineperson	Fort Smith	5 years
Martin, Aaron	Power Lineperson	Yellowknife	5 years
Western Region			
Allen, John	Plant Operator	Inuvik	30 years
Cazon, Louis	Plant Superintendent II	Fort McPherson	30 years
Finnemore, Dale	Plant Operator	Fort Simpson	20 years
Wilkie, John	Plant Maintenance Supervisor	Inuvik	20 years
Rivard, Denis	System Operator	Inuvik	15 years
Kaodloak, John	Plant Superintendent I	Holman Island	10 years
Lennie, Jerry	Diesel Mechanic	Inuvik	10 years
Fehr, Cecil	Diesel Mechanic	Inuvik	5 years
Schultz, Walter	Electrician	Inuvik	5 years
Nunavut			
Dion, Marvin	Plant Superintendent II	Coral Harbour	20 years
Robinson, Randy	Area Superintendent	Rankin Inlet	10 years
Yarema, Michael	Operations Supervisor	Rankin Inlet	10 years
Balfour, Shawn	Plant Superintendent I	Sanikiluaq	5 years
Cousins, Chris	Plant Superintendent I	Kimmirut	5 years
Murrin, Gordon	Manager, Technical Services	Iqaluit	5 years
Owens, Philip	Electrician	Rankin Inlet	5 years
Smith, Shawn	Diesel Mechanic	Iqaluit	5 years
Wilson, Erwin	Maintenance Supervisor	Iqaluit	5 years